

for its best interests,' as a politician will say. On the afternoon of the Wednesday before Thanksgiving, something unexpected will happen to the turkey. It will incur a revision of belief."

No less widespread is what Taleb terms the "ludic fallacy": the belief that the unstructured randomness found in life resembles the structured randomness found in games. This stems from the assumption that the unexpected can be predicted by extrapolating from variations in statistics based on past observations, especially when these statistics are assumed to represent samples from a normal distribution (the standard bell curve). He notes that other functions are often more descriptive, such as the fractal, power law, or scalable distributions; awareness of these might help to temper expectations. Beyond this, he emphasizes that many events are simply without precedent, undercutting the basis of this sort of reasoning altogether. He also argues for the use of counterfactual reasoning when considering risk.

For anyone who has been compelled to give a long-term vision or read a marketing forecast for the next decade, the chapter excoriating the "scandal of prediction" will ring painfully true. "What is surprising is not the magnitude of our forecast errors," Taleb observes, "but our absence of awareness of it." We tend to fail miserably at predicting the future, but such failure is little noted nor long remembered. It seems to be of remarkably little professional consequence.

Taleb is an essayist, researcher, and practitioner of mathematical finance. As a pioneer of complex financial derivatives, he had a lengthy senior trading career at Wall Street firms before he reduced his financial mathematics activities to start a second career as a scholar in the epistemology of chance events. His style is personal and literary, but his heterodox insights are rigorous (if sometimes jolted by authorial filigree). One of his earlier books, *Fooled by Randomness* (2001), became a bestseller in 18 countries and was selected by *Fortune* magazine as one of the "Smartest Books of All Time."

He follows a long line of skeptical philosophers, including Socrates, Montaigne, and David Hume, in believing that we know much less than we think we do, and that the past should not be used

naively to predict the future. His favorite quote (retrieved from his home page) is "My major hobby is teasing people who take themselves and the quality of their knowledge too seriously and those who don't have the guts to sometimes say 'I don't know.'" Taleb's provocative ideas and sound analysis make for a thrilling, disturbing, contentious, and unforgettable book on chance and randomness.

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## Challenging Global Inequality: Development Theory and Practice in the 21st Century

By Alastair Greig, David Hulme, and Mark Turner.  
New York: Palgrave Macmillan, 2007. 296 pages, paperback, \$32.95.

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The concept of development in any social science is fraught with ambiguity and a plurality of meanings that stem from varying views of the world. This book brings together a wide range of ideas of scholars who have contributed to the literature on development, and presents them as objectively as possible to the reader. One possible way of putting the different ideas on development into focus would be to classify them into two broad approaches. One approach is very positive about the possibility of development, while the other is much more critical. This is, obviously, a stylized classification of a large and complex literature on development. This classification may help the reader make sense of all the theories that have been reviewed by the authors. The two contending approaches are summarized below.

To many scholars and policy makers, the agenda of development is pretty obvious: It is the creation of economic growth fueled by modern technologies, improved material standards of living, and political institutions of democratic free-

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dom. The best way to achieve these objectives is through the interplay of markets; free trade; and fiscal and monetary policies that keep tax rates low, public spending under control, and inflationary pressures in check.

In this view, the inexorable march of technology will create world markets and world corporations that will take the possibilities of “modernization” to the farthest corners of the world. Rich and poor, old and new, the young and the aged will all be put under the strict discipline of the market, and the whole world will emerge in the image of the most affluent countries of Western Europe and North America. The end is obvious, unquestioned, and flawless. The trick is to find the best mix of policies, the best institutions, and the best set of incentives to bring about this transformation quickly and decisively. This is the crux of the 21st-century conventional wisdom about development that informs academia; policy circles; and international agencies such as the UN, the IMF, and the World Bank.

There are other scholars who believe that the development project of “modernization” is never likely to succeed. The history of modern economic growth and the social and political transformations that have occurred in the world since the advent of the industrial revolution have not been uniform, predictable, or equitable. The simultaneous presence of wasteful opulence and acute deprivation, within and across nations, has simply refused to go away. Modernization has failed to be inclusive, and the uncertainties in wealth making and livelihoods have been too costly in human terms. Making modernization synonymous with development is essentially an issue of power and dominance, allowing large corporations to retain their privileges and their economic influence across the globe. Deep-rooted inequality and the failure to homogenize and include everybody in the process of development are inherent in the project itself.

According to this view of the world, history is full of chance and play, and the world is too heterogeneous to be molded into one shape. It is useful to look at the stories emerging from the

micro histories of small communities and groups, which may throw useful light on how people in their everyday living resolve their immediate problems by altering existing relationships and searching for new identities and autonomy. The narration of this life politics of people also reveals the ways in which modernization projects exclude, change, and waste human as well as material resources. Such stories would be the other side of the tale: development looked at from the bottom of the social pyramid.

Scholars in the first group worry about why the world is not evolving according to the development project, at least not at the pace that was predicted by their theories. Some of them are much more optimistic and argue that the pace of development is good enough and poverty is on its way out: They can discern the nascent vision of successful capitalism in full bloom. The skeptics, on the other hand, are sure that the development project will not work. Institutions in the real world—where the structures of privilege and power encounter the everyday struggles arising from deprivation and marginalization—do not reflect the ideal institutions of competitive markets, free trade, and parliamentary democracy. Imperfect institutions are far more complex than those described in textbooks. Outcomes are not always efficient, and people do not always get a fair deal. Outcomes are unpredictable, and luck may play an important role in determining winners and losers.

The authors have done a competent job in presenting to the uninitiated reader a review of the basic arguments and counterarguments of the two worldviews described above. They begin with the inequality of the present, linking it to poverty and the colonial experience, and then move to the more contemporary issues of globalization and the Millennium Development Goals. They provide a link to the related issues of political changes, namely democratization, decentralization, and popular participatory decision making at the grassroots level. They also review the major challenges to the conventional and dominant vision of development, those emanating from environmental concerns, feminist consciousness, and a

rising global network of movements that transcend traditional political forms of persuasion and protest.

In the concluding chapter they examine the question of whether the development glass is half full or half empty. They then proceed to give a short summary of alternative visions of development, such as sustainable development and development as growth and abundance, as security, as illusion, as lodestar, and as freedom. The conclusion seems to indicate that the end of inequality would certainly contribute to development, whichever way we might look at it, and may be achieved through a combination of enlightened self-interest and the moral unacceptability of absolute and relative deprivations.

Throughout the book, the style adopted by the authors is presumably meant to acquaint the reader with alternative views on development, to whet the appetite for deeper arguments. The authors refrain from sharing their own positions on the development divide. However, one finishes the book with a faint sense of relief that development will prevail, and with a conviction that somehow we will all realize that without a reduction of poverty and inequality there will be trouble and disasters of rising magnitudes. The reader may conclude that this realization, blended with an adequate sense of moral abhorrence, will bring about a successful modernization of the global economy and society.

This argument—if it is indeed the central argument of the authors—is not very convincing. The self-centered visions and vested interests of the privileged few are often as myopic as the everyday struggles of the deprived. Morality and the calculus of long-term self-interest are terribly scarce and feeble. Modernization is a fractured process put into a semblance of order by a lot of persuasion and an equal amount of coercion. The fractures will widen in some places; the cement will hold in others. As long as everyone can grab a share of the pie—however big or small—it just might hang together. Indeed, some scholars (e.g., Bauman, 2005) describe the modernization process as no longer solid but liquid in character, ever-changing

with new technologies, new products, and new ways of doing things.

The real trouble may come from elsewhere. The world is a closed system, and one cannot indulge in activities where natural damage to the environment is irreversible. The larger the inequality in contemporary society, likely the larger the inequality between the current generation and future ones. This raises the serious issue of the sustainability of an economic system that generates awesome productive growth at the cost of enormous environmental stresses. The authors touch upon this issue only briefly. Yet, this could, arguably, be the decisive reason why global inequalities may change significantly in this century.

These stresses are likely to be addressed and assessed in political systems that may be very different from the ones we are familiar with: ones that often assume the end of political history in the form of parliamentary democracy. This specific issue has been addressed in a recent work by Hawken (2007). The Internet and other forms of superfast communication have brought people across the world closer, and opinions and political ideas can be formed without the platforms of existing political parties and leadership. Where such new political activism might lead is anyone's guess, but it will make "governance as usual" much more difficult.

Environmental stresses and new forms of political articulation could be the consequences of an unequal world. Whether they will challenge global inequalities and forge a new way of living is hard to tell. What is less difficult to predict is that the new rhetoric of equality informing national and multinational policies will not be very useful in removing the roots of inequality. It may just keep holding together an increasingly fragmented world.

## References

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